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April 26, 2012

IDAHO PUBLIC
UTILITIES COMMISSION

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Re: Case No. PAC-E-12-03
In the Matter of the Application of Rocky Mountain Power for Authority to Increase
Rates by \$2.6 Million to Recover Deferred Net Power Costs Through the Energy Cost
Adjustment Mechanism

Dear Ms. Jewell:

Please find for electronic filing Rocky Mountain Power's Answer to Monsanto's Petition for
Reconsideration in the above referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-
2963.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation & Government Affairs

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that on this 26th of April, 2012, I caused to be served, via e-mail, a true and correct copy of the foregoing document in PAC-E-12-03 to the following:

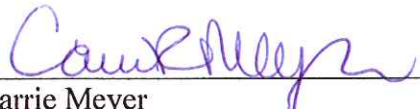
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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF PACIFICORP DBA)	CASE NO. PAC-E-12-03
ROCKY MOUNTAIN POWER FOR)	
AUTHORITY TO INCREASE RATES BY)	ROCKY MOUNTAIN POWER'S
\$2.60 MILLION TO RECOVER)	RESPONSE TO MONSANTO'S
DEFERRED NET POWER COSTS)	PETITION FOR
THROUGH THE ENERGY COST)	RECONSIDERATION
ADJUSTMENT MECHANISM)	

COMES NOW PacifiCorp, dba Rocky Mountain Power ("RMP" or the "Company"), through counsel and hereby files this Response to Monsanto's Petition for Reconsideration ("Petition") of Idaho Public Utilities Commission ("IPUC") Order No. 32507 with the Idaho Public Utilities Commission ("Commission"), pursuant to Rule 331.02 of the IPUC Rules of Procedure.

I. BACKGROUND

On February 1, 2012, the Company filed an application ("Application") for authority to adjust Schedule 94, Energy Cost Adjustment Mechanism ("ECAM") rate by \$2.6 million, establishing the ECAM rate for all customer classes including Monsanto Company ("Monsanto") and Agrium, Inc. ("Agrium") based on the deferral period beginning December 1, 2010 through November 30, 2011 ("Deferral Period").

The Company requested approval to add \$18.1 million into the ECAM balancing account for the Deferral Period, bringing the total balance of the account to \$24.1 million as of November 30, 2011. The Company proposed to adjust Schedule 94 to collect approximately \$13.0 million beginning April 1, 2012 through March 31, 2013, representing an increase of \$2.6 million over the current Schedule 94 rate.

On March 12, 2012, Monsanto filed a Motion to extend the comment deadline. The Commission, through IPUC Order No. 32493, extended the comment period to no later than March 20, 2012. On March 19, 2012, Monsanto filed comments responding to the Application. Monsanto's comments addressed losses in base load and actual load, treatment of replacement energy, wind integration, and liquidated damages.

On March 20, 2012, Staff of the Commission ("Staff") filed comments responding to the Application. Staff's audit of the Application identified an error with the line loss factor used to adjust Actual load from sales level to input.

On March 23, 2012, the Company filed reply comments agreeing to adjustments for line losses and removal of Monsanto's buy-through energy from Actual load.

On March 30, 2012, the Commission issued Final Order No. 32507 ("Final Order"). On the same day, Monsanto filed additional comments, well after the March 20, 2012 Commission-approved extended comment period.

On April 19, 2012, Monsanto filed the Petition, requesting the Commission to make additional adjustments to Actual and Base load and proposing that the ECAM deferral should be reduced for excessive forced outages.

II. ARGUMENT

- a. Monsanto Fails to Demonstrate that the Final Order is Unreasonable, Unlawful, Erroneous or Not in Conformity with the Law

The purpose of granting reconsideration is to bring to the Commission's attention mistakes in a final order and allow the Commission an opportunity to correct any errors prior to an appeal to the Idaho Supreme Court.¹ Consistent with this purpose, the Commission's procedural rules require that petitions for reconsideration "set forth specifically the ground or grounds why the petitioner contends that the order or any issue decided in the order is unreasonable, unlawful, erroneous or not in conformity with the law."² The Final Order provides a detailed discussion of the evidence considered, and the basis for its decision. In its Petition, Monsanto fails to demonstrate that, *based on the record before it*, the Final Order is unreasonable, unlawful, erroneous or not in conformity with the law (emphasis added).

b. The Petition Is Procedurally Improper Because Monsanto Relies on New Evidence that Is Not On the Record

In its Petition, Monsanto relies on "new evidence" and new arguments which Monsanto admits were not considered by the Commission because they were not provided to the Commission by Monsanto within the designated comment period.³ This "new evidence," consisting of the testimony of Ms. Kathryn E. Iverson and Mr. Mark T. Widmer, has not been properly admitted into the record and, therefore, cannot be considered or admitted as part of the record by the Commission and as part of this Petition. Additionally, the new evidence is not intended to correct any mistake made by the Commission, but rather to support new arguments that allegedly strengthen Monsanto's case. The reconsideration process, however, is intended to reevaluate a Commission order based on the evidence before it, not to allow the petitioner to present

¹ *Washington Water Power Co. v. Kootenai Environmental Alliance*, 591 P.2d 122 (Idaho 1979).

² IDAPA 31.01.01.331.

³ Monsanto Petition at 4.

new evidence and arguments to strengthen its case. Monsanto's request that the Commission grant reconsideration and simply issue a new order based on its "new evidence" in the Petition is improper, and should be denied.

Commission Rule of Procedure 331 requires a petitioner asking for reconsideration to include "a statement of the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted."⁴ The rule provides for a statement or description of the proposed evidence, rather than inclusion of the evidence itself, in order to prevent improper admission of evidence into the record. Monsanto disregarded the rule and attached the new evidence to its Petition, which tactic, if successful, would deny the Company and all other parties' due process and an opportunity to fully evaluate and respond to the new evidence. Furthermore, Monsanto makes clear that it is not "request[ing] an evidentiary hearing"⁵ where the parties would have the opportunity to properly respond to the new evidence. Rather, without allowing the Commission to determine whether to admit this evidence, Monsanto presumptuously requests that "its Petition be decided based upon the file and record before the Commission, *including* the Direct Testimony of Ms. Iverson and Mr. Widmer filed"⁶ for the first time with the Petition.

Monsanto's request is procedurally improper, and amounts to a procedural end-run, urging the Commission to consider evidence outside of the record without allowing the Company or others adequate opportunity to respond. The appropriate forum for new evidence to be presented is in the direct comments that would have allowed all parties to review the evidence and respond. Absent proper admission into the record (which has

⁴ IDAPA 31.01.01.331.01.

⁵ Monsanto Petition, at 3.

⁶ Monsanto Petition, at 3 (emphasis added).

not even been requested by Monsanto), Monsanto's new evidence must not be considered by the Commission.

In addition, the "new evidence" submitted by Monsanto is not intended to correct an error by the Commission in the Final Order, but rather to present new arguments relating to the split of the jurisdictional base load, and the adjustment for "excessive forced outages" for the Commission's consideration. As noted above, the purpose of granting reconsideration is to bring to the attention errors in the Commission's order, not to allow the petitioner an opportunity to expand its arguments in support of its case. Indeed, in the context of requests to present new evidence, the Commission has stated that it does not believe "that reconsideration is appropriate solely to present evidence to strengthen the parties' cases," and that "the limited time available for reconsideration by statute may not provide other parties in the case adequate time to analyze and respond to the new evidence."⁷ Monsanto's new arguments, and the supporting evidence, could have been presented to the Commission, and the other parties, during the extended comment period. Monsanto failed to do so, and should not be permitted to raise these arguments for the first time on reconsideration. To the extent the Petition relies on the "new evidence" and arguments, the Petition is improper and should be denied.

III. RESPONSE

Notwithstanding the foregoing, if the Commission does consider the Petition, the Commission should nevertheless deny Monsanto's adjustments for the following reasons.

a. The Company's Class Split of Jurisdictional Base Load is Correct

Monsanto's claim that the Company did not accurately split Base load between Monsanto, Agrium, and the remaining tariff customers is incorrect. While Ms. Iverson

⁷ 2004 Ida. PUC LEXIS 180 (Idaho).

agrees that the Idaho jurisdictional Base load presented on page 10.14 of Mr. McDougal's Exhibit No. 2, in Case No. PAC-E-10-07, is the correct starting point for purposes of calculating the ECAM, she improperly adjusts the jurisdictional load for Monsanto's replacement or buy-through energy. Rather than using the 3,652,385 MWH from the Company's Exhibit No. 2, Monsanto removes buy-through energy, reducing Idaho jurisdictional load to 3,622,588 MWH. The Company's position, which was approved and endorsed by the Commission in the Final Order, is that once Base loads are established in a general rate case and embedded in rates, they should not be changed in the ECAM. Furthermore, consistent with the 2010 Protocol Base load in Exhibit No. 2 in Case No. PAC-E-10-07, does not include buy-through energy.⁸ Since buy-through energy was removed from the jurisdictional load reported in Exhibit No. 2 and removed from both Monsanto and Idaho Actual load in Case No. PAC-E-12-03, no additional adjustment should be made to Actual load.

b. Base Load Reflected in the ECAM is Correct

Ms. Iverson agrees that Monsanto's load at the meter should be 1,385,173 MWH, which is the same amount utilized to calculate present revenues and reported in Tab 5 page 16 of Company Exhibit 49 (Case No. PAC-E-10-07). Ms. Iverson also agrees that the appropriate transmission line loss factor is 3.605% and that Monsanto should also be responsible for wholesale losses, which she calculates to be 2.26% for the Base period. When these line losses are applied to Monsanto's metered energy at sales, which

⁸ As specified in Appendix D of the 2010 Protocol "When a buy-through option is provided with economic curtailment, the load, costs and revenue associated with a customer buying through economic curtailment will be excluded from the calculation of State revenue requirements. The cost associated with the buy-through will be removed from the calculation of net power costs, the Special Contract customer load associated with the buy-through will be not be included in the calculation of Load-Based Dynamic Allocation Factors, and the revenue associated with the buy-through will not be included in State revenues".

excludes buy-through energy, the 1,385,173 MWH becomes 1,467,490 MWH, which is slightly higher than the 1,467,058 MWH the Company utilized in the ECAM calculation.

c. Allocation of “extra” losses

The 94,791 MWH of “extra” losses Ms. Iverson refers to is the difference between the jurisdictional load of 3,652,385 MWH reported in Company Exhibit No. 2 and the 3,557,594 MWH Idaho retail energy at input reported in the class cost of service study in Company Exhibit No. 49. Ms. Iverson testifies that the “extra” losses should be ratably allocated between all customer classes. As described in Section III.a. above, the Company ratably spread this difference between customer classes in the Base load.

Although the Commission ordered that once Base load is established in a general rate case and embedded in base rates it should not be changed in the ECAM,⁹ Monsanto has nevertheless proposed to revise Idaho Base load in the ECAM from 3,652,385 to 3,622,588 MWH as demonstrated in Exhibits Nos. 201 and 205, which is in direct defiance of the Final Order and counter to Monsanto’s claim that it has not changed the Base load.

d. Adjustments to Actual Load for “extra” line losses in the Petition are Improper

Ms. Iverson also proposes an adjustment to Actual load for the “extra” line losses, as shown in Monsanto Exhibit No. 204. The source of the Idaho Actual load is the same as the Idaho jurisdictional state metered load reported in Company Exhibit No. 2, which includes the “extra” or wholesale energy losses. Monsanto’s adjustment to Actual load doubles these losses and is not appropriate. However, because Monsanto and Agrium’s

⁹ Order No. 32507 page 9.

load at the meter was only adjusted by the retail transmission line loss factor of 3.605%, all of the additional losses were captured in the remaining tariff customers' load.

e. Mr. Widmer's Forced Outage adjustment is Improper

Mr. Widmer's testimony in support of the Petition presents data for the unit size 400-599 MW, representing boiler tube failure North American Electric Reliability Corporation (NERC) codes 1040, 1050, 1070 and 1080. The testimony incorrectly compares industry data from the year 2010 to the Company's outages for the period of December 2010 to November 2011. This is an improper year-to-year comparison because the required industry data for 2011 has not yet been published. In addition, due to the nature of boiler tube failure mechanisms, simply looking at a few select NERC codes, on select units, over a relatively short period of time, is not representative of the Company's operations.

Table 1 and Chart 1 below summarize the forced outage rate due to the four (4) referenced boiler tube failure NERC codes. These indicate that the Company is slightly above the industry average through the year 2010. When comparing the four-year averages in Table 1 to the industry average forced outage rate in the 400-599 MW class for the four NERC codes, the industry average was 0.79% compared to the Company's forced outage rate of 1.15%. This does not indicate excessive, or even significant, forced outage rates over industry averages.

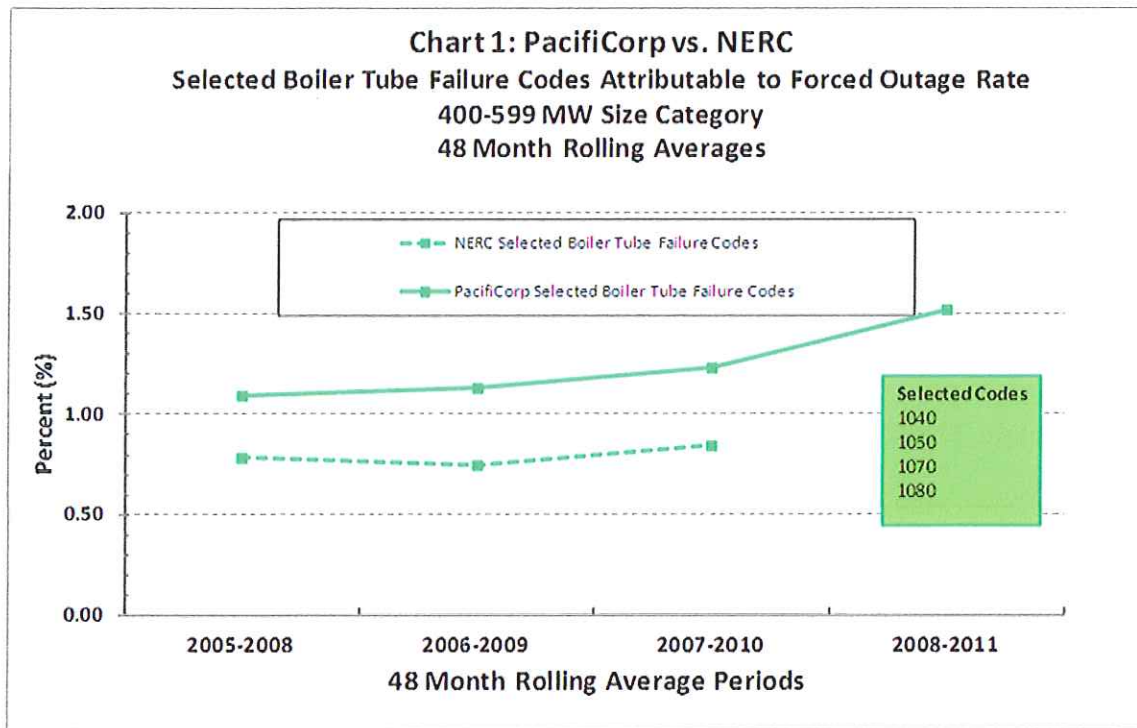
Table 1 - PacifiCorp Equivalent Availability and Capacity Factor Statistics 48 Month Rolling Average						
		Larger Units			Operated Coal System	
		400-599 MW Size			All size Categories	
	Rolling 48 Month Average Periods	Equiv. Avail. Factor (EAF %)	Capacity Factor (CF %)	Forced Outage Rate due to ¹ Selected Boiler Tube Failure Codes (%)	Equiv. Avail. Factor (EAF %)	Capacity Factor (CF %)
PacifiCorp Units	2005-2008	86.00	83.25	1.09	86.89	84.01
	2006-2009	86.91	83.57	1.13	87.03	83.67
	2007-2010	86.40	82.65	1.23	86.70	82.83
	2008-2011	85.91	79.64	1.52	85.92	79.97
NERC Equiv. Size Units	2005-2008	82.62	72.54	0.78	83.48	71.55
	2006-2009	82.50	70.24	0.75	83.02	68.88
	2007-2010	81.72	68.19	0.85	82.32	66.83

¹Selected Boiler Tube Failure Codes

- 1040 FIRST SUPERHEATER - (boiler tube leaks)
- 1050 SECOND SUPERHEATER (boiler tube leaks)
- 1070 SECOND REHEATER (boiler tube leaks)
- 1080 ECONOMIZER - (boiler tube leaks)

Note:

NERC - based data ends with calendar Year 2010. Calendar year 2011 data is not yet available.



As related to the ECAM (and general rate cases), it is more appropriate to compare the Company's overall equivalent availability with NERC industry averages. Equivalent availability includes planned, maintenance and forced outages and derates. It encompasses all of the approximately 1,175 NERC codes used by the Company. Chart 2 below compares the Company's performance of the 400-599 MW size to industry averages for both equivalent availability and capacity factor.

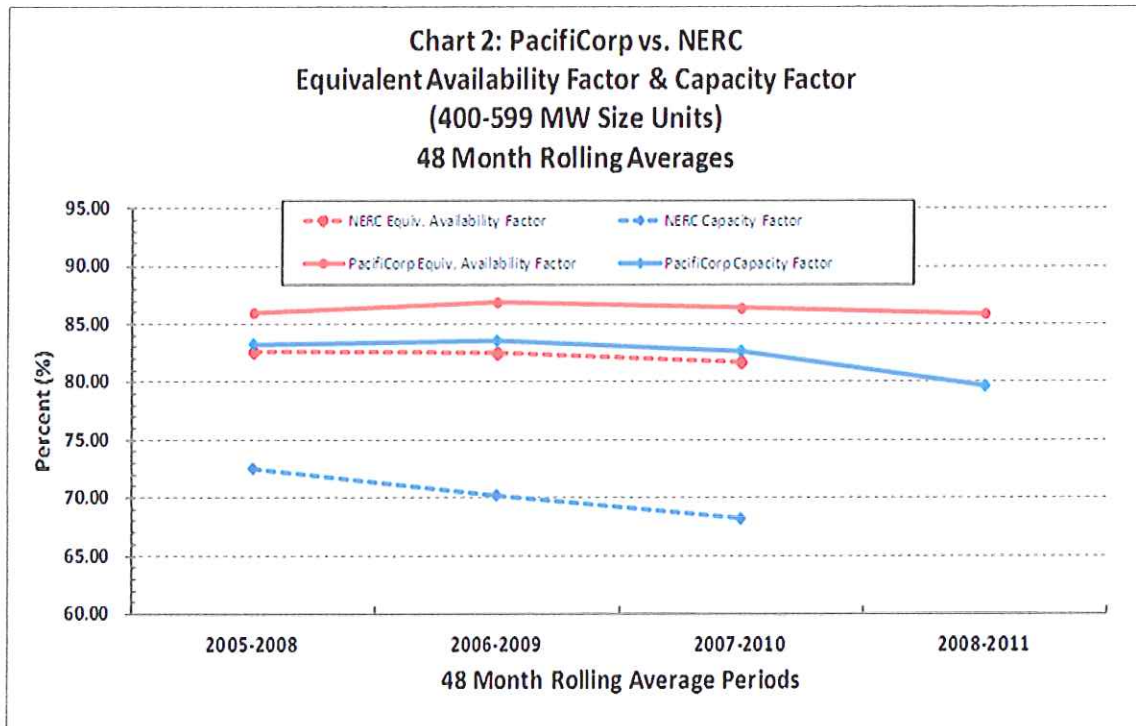
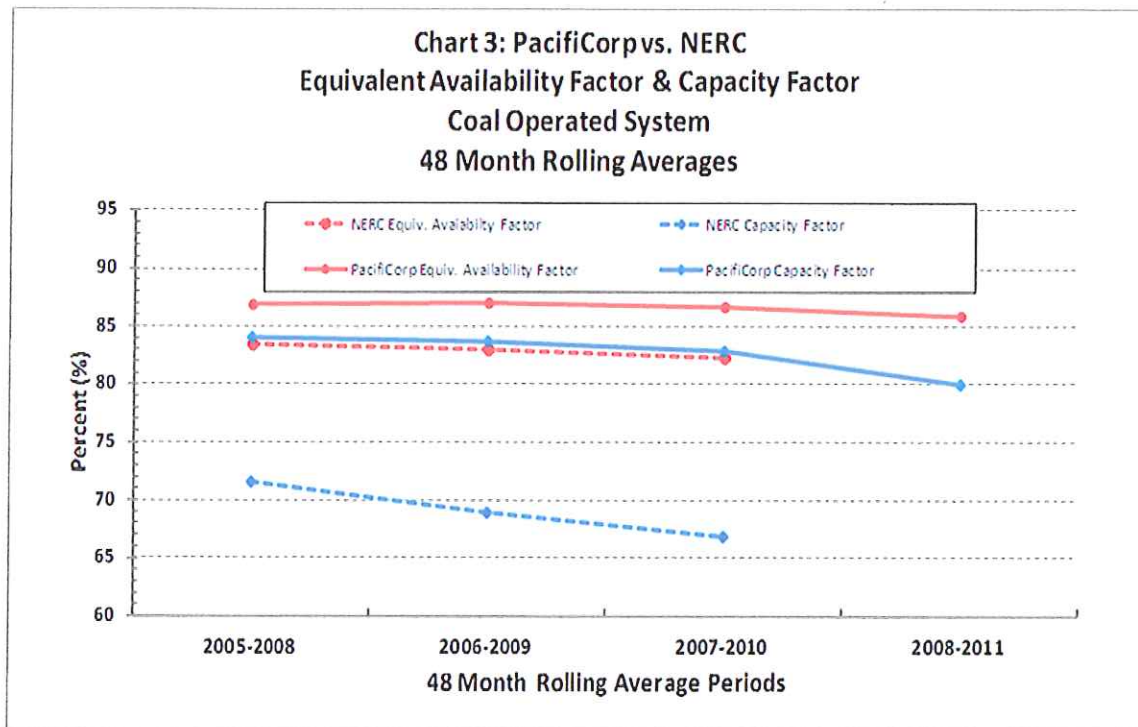


Chart 3 below compares the Company's coal operated fleet performance to equivalent industry averages. In both Charts 2 and 3, it is evident that the Company's performance is better than industry averages. This data provides a much more comprehensive representation of the Company's overall performance than just the four (4) selected NERC codes referenced in Mr. Widmer's testimony and is consistent with how base net power costs are established in general rate cases.



The Company currently operates its coal fleet on a four-year overhaul cycle. Theoretically, forced outages could be reduced by shortening the cycle to three years or a shorter period. However, the Company doubts that any savings from reduced forced outages would offset the increased overhaul costs.

Mr. Widmer's forced outage adjustment and claim of imprudence on the Company's part should be denied since it is not representative or appropriate to simply look at a few select NERC codes, on select units, over a relatively short period of time. As demonstrated in the data and graphs above, the Company's plant equivalent availability and capacity factors are above industry averages.

f. Response to Recommendations

In regard to Monsanto's proposal to hold a workshop to discuss the technical aspects of the ECAM, the Company is supportive of the idea. In addition, the Company notes that it provides quarterly ECAM reports to Staff and would make those available to

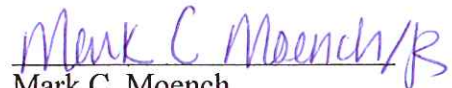
any other interested party, facilitating additional time for review the Company's ECAM applications.

In regard to Monsanto's recommendation to extend the schedule for all subsequent ECAM applications, the Company opposes such a recommendation. The current ECAM schedule was based on Avista and Idaho Power's Power Cost Adjustment schedules which have provided adequate review and process time.

IV. CONCLUSION

WHEREFORE, and based on the foregoing, Rocky Mountain Power respectfully requests that the Commission deny the Petition for the reasons set forth above.

DATED this 26th day of April, 2012.



Mark C. Moench
Yvonne R. Hogle

*Attorneys for
Rocky Mountain Power*